

REMARKS

1. Applicant thanks the Examiner for the Examiner's comments, which have greatly assisted Applicant in responding.

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2. 35 U.S.C. §103(a).

(a) Claims 1-2, 7, 15, and 19 stand rejected under 35 U.S.C. §103(a) as being unpatentable over (Holloway) U.S. 5,253,164 in view of Pendleton and further in view of Hogden and U.S. Patent No. 6,223,164 ("Seare"). Applicant respectfully disagrees.

The basic requirements for a *prima facie* case of obviousness are: (1) a suggestion of motivation to modify the references. (2) a reasonable expectation of success. (3) all claim limitations must be taught or suggested. MPEP § 2143. In the case at hand, the Examiner has failed to establish all three requirements for a *prima facie* case. Therefore, the current rejection has no merit.

(1) Suggestion or motivation to combine or modify references.

(a) Impermissible hindsight: As Applicant observed in the previous response, the Examiner has used impermissible hindsight in assembling the current combination of references. Applicant acknowledges the Examiner's reliance on legal precedent in maintaining his finding of obviousness in this case. Applicant notes that *In re McLaughlin* is a CCPA case from 1971. However, the jurisprudence has continued to evolve over the last thirty-four years. A 1998 case, *Monarch Knitting Machinery Corp v. Sulzer Morat GmbH*, 139 F.3d 877 (Fed. Cir. 1998), more accurately represents the Federal Circuit's view on hindsight constructions, with the court finding that "[d]efining the problem in terms of its solution reveals improper hindsight in the selection of the prior art relevant to obviousness." *Id.*, 881. In that case, the trial court defined the problem to be solved as "designing the stem segment of a knitting needle . . . [to] minimize[] needle head breakage and thus maximize[] the operating speed of an

industrial knitting machine.” *Id.* (brackets in original). The patent, on the other hand, described the problem to be solved as “providing [knitting needles] with a means which avoids head breakages” *Id.* (brackets in original). The Appeals court further found that “Importing the ultimate solution into the problem facing the inventor . . . infected the district court’s determinations about the content of the prior art.” Therefore, the court’s finding in *Monarch Knitting Machinery* limits application of the rules of *McLaughlin* and *In re Merck*.

In our case, just as in *Monarch Knitting Machinery*, the Examiner has improperly defined the problem to be solved by the inventor in terms of its solution. For example, the Examiner, quoting Pendleton’s object statement *verbatim*, proposes that the inventor, considering Holloway, would have been motivated to look to Pendleton to provide “an automated system for processing a large number of claims submitted to a payor to identify patterns in the claim data which may identify patterns in the claim data which may be indicative of a fraudulent provider or supplier.” Thus, the Examiner imports Pendleton’s solution into the problem faced by the inventor. Subsequently, the Examiner suggests that the inventor, faced with the problem of “describing how the method of time-series analysis can be formed and used for anomaly detection,” would look to Hogden. Again, the Examiner imports Hogden’s object statement *verbatim* into the problem facing the inventor. Further, the Examiner, again improperly importing a solution into the problem, finds that the inventor would next be motivated to look to Seare to solve the problem of “providing a system that allow[s] for comparison of treatment cost and patient outcomes in order to determine the most effective treatment approach.” Therefore, as in *Monarch Knitting Machinery*, by defining the problem to be solved in terms of its solution, the Examiner has used improper hindsight in selecting the prior art, neatly bridging from one reference to the next, using the claimed invention as a pattern or template. The Examiner, rather than “step[ing] backward in time and into the shoes worn by the hypothetical person of ordinary skill in the art,” has “decompos[ed] the invention into its constituent elements, [found] each element in the prior art, and then [claimed] that it is easy to reassemble these elements into the invention” *In re Maherkur Patent Litigation*, 831 F.Supp. 1354, 1354 (N.D. Ill.

1993). Therefore, on this ground alone, the rejection of claim 1 under 35 U.S.C. § 103(a) is fatally flawed

(b) Motivation to combine: The Examiner must show a motivation to make the modification or combination. Here, the Examiner has shown no motivation to combine the references or to make the modification. Instead, discussing the references individually, the Examiner, on a piecemeal basis, improperly imports solutions into the problem facing the inventor to provide a bridge from one reference to the next, but nowhere has the Examiner pointed to a motivation to make the combination of Holloway, Pendleton, Hogden and Seare.

Applicant acknowledges the Examiner's observation that one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. That may be true in a case where the rejection has been based on a combination. However, in this case, the Examiner has discussed the references separately. At no time has the Examiner discussed the selection of references as a combination. Accordingly, because the Examiner has used improper hindsight in the selection of references, and has identified no motivation to combine, no *prima facie* case has been established. Therefore, on this ground alone, the rejection of claim 1 under 35 U.S.C. § 103(a) is fatally flawed.

2. To establish a *prima facie* case, the Examiner must additionally demonstrate a reasonable expectation of success. Nowhere has the Examiner done so. Accordingly, on this ground alone, the rejection of claim 1 under 35 U.S.C. § 103(a) is fatally flawed.

3. The rejections of claim 3, 8, 9 and 15 are flawed in the same manner as that of claim 1. Accordingly, the rejections of claims 3, 8, 9 and 15 are improper. Because a claim depending from an allowable claim is allowable without any further consideration of its merits, the dependents are all allowable.

4. Regarding claim 2: the Examiner relies on Figure 1 and col. 4, lines 51-64 of Holloway as teaching "processing healthcare reimbursement claims for a population of

clients and healthcare providers for a selected time interval to identify a total set of potential healthcare states" Applicant respectfully disagrees. In the Office Action of September 10, 2004, the Examiner first understood "healthcare states" to mean "potentially fraudulent suppliers or providers of goods or services." Office Action, page 3, last paragraph. Subsequently, at page 5, last paragraph, the Examiner reasoned that the steps involved with processing, analyzing and verifying the claim constituted healthcare states. They can't be both. Additionally, the Examiner's reasoning is completely incompatible with the second clause of claim 2: "for each healthcare state, determining a probability of the healthcare state as a function of the frequency of the healthcare state in the reimbursement claims." The steps of processing, analyzing and verifying a claim have nothing to do with the delivery of healthcare; they are internal procedures carried out by the payor; nor are they contained in the reimbursement claims, as described in the second clause of claim 2. Furthermore, the Examiner's understanding of the term "healthcare states" is completely contradicted by claims 10-14. While claims 10-14 have no direct effect on claim 2, they are illustrative of the aspects of the invention referred to be the term "healthcare states." Accordingly, the Examiner's understanding of the term "healthcare states" is incorrect. Additionally, the Examiner points to no teaching from the combination that supports the Examiner's understanding of the term. Therefore, the Examiner's understanding has no basis in the prior art. The Examiner is respectfully reminded that determinations of obviousness under 35 U.S.C. § 103 are evidence-based, and that the combination must teach all features of the claim in question. Because the combination fails to teach "processing healthcare reimbursement claims for a population of clients and healthcare providers for a selected time interval to identify a total set of potential healthcare states" the rejection of claim 2 is improper.

Although the rejection of claim 1 is deemed to be improper, as described above, in the interest of advancing prosecution of the application, Applicant amends claim 1 to include a step of "processing healthcare reimbursement claims for a population of clients and healthcare providers for a selected time interval to identify a total set of potential healthcare states" shown to be allowable. Such amendment is made only

to describe the subject matter of claim 1 in greater detail. The Examiner is not to interpret the amendment as an agreement with the Examiner's findings with respect to claim 1. The remaining independent claims have been similarly amended. Accordingly, the independent claims have been adequately distinguished from the art of record.

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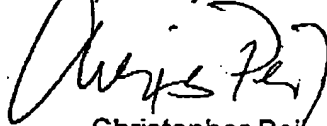
CONCLUSION

Based on the foregoing, Applicant considers the present invention to be distinguished from the art of record. Accordingly, Applicant earnestly solicits the Examiner's withdrawal of the rejections raised in the above referenced Office Action, such that a Notice of Allowance is forwarded to Applicant, and the present application is therefore allowed to issue as a United States patent. The Examiner is invited to call to discuss the response. The Commissioner is hereby authorized to charge any additional fees due or credit any overpayment to Deposit Account No. 07-1445.

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Respectfully Submitted,

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